

applicable agreements, judicial or administrative decisions, or governing law. Telecommunications carriers that obtain unbundled local loops at the promotional discounted prices shall, on a quarterly basis, certify to Bell Atlantic/GTE and the appropriate state commission that they are using all unbundled local loops provided at a promotional discounted price in accordance with these Conditions. Bell Atlantic/GTE shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided at a promotional discounted price are used in accordance with conditions (i) and (ii), above.²⁴ Telecommunications carriers that obtain unbundled local loops at a promotional discounted price shall agree to cooperate in the performance of such audits and inspections. Audit information will be restricted to Bell Atlantic/GTE regulatory, legal, and/or wholesale personnel, and Bell Atlantic/GTE will prohibit those personnel from disclosing audit-related, customer-specific or company-specific proprietary information to Bell Atlantic/GTE retail personnel.

f. Any telecommunications carrier found by the appropriate state commission to have violated the use conditions of Subparagraph e or that fails to cooperate in an audit may be denied the promotional discounted price on any unbundled local loop for which the use conditions or the audit provisions are violated. In addition, any such telecommunications carrier that intentionally and repeatedly violates the use conditions of Subparagraph e may be denied the promotional discounted price on unbundled local loops ordered or installed after the date of such a finding by a state commission.

g. The maximum number of unbundled local loops that Bell Atlantic/GTE shall be required to provide at a promotional discounted price in each state shall be the quantity by state set forth in Attachment E. In order to provide CLECs with advance planning information, Bell Atlantic/GTE shall provide written or Internet notice to CLECs operating in the relevant state when 50 percent and 80 percent of these maximum numbers are reached in each Bell Atlantic/GTE State. Unbundled local loops installed and made operational at the promotional discounted price after the Merger Closing Date shall be counted toward the maximum number, whether or not they remain in service. The relevant state commission may allocate the maximum number of unbundled local loops eligible for a promotional discounted price in that state between two or more geographic areas within the state.

XII. Carrier-to-Carrier Promotions: Resale Discount

36. Bell Atlantic/GTE shall offer the resale carrier-to-carrier promotion described below in the Bell Atlantic/GTE Service Area. Bell Atlantic/GTE shall implement this promotion by providing each telecommunications carrier with which Bell Atlantic/GTE has an interconnection agreement in a Bell Atlantic/GTE State, no later than 30 days after the Merger Closing Date, a written offer to amend each telecommunications carrier's interconnection agreement in that state to incorporate the resale promotion. For purposes of this Section, an offer published on Bell Atlantic/GTE's Internet website that can be accessed by telecommunications

²⁴ The scope of any such audit or inspection is limited to determining whether the promotional discount is being provided in accordance with this condition.

carriers shall be considered a written offer. Bell Atlantic/GTE shall establish necessary internal processes and procedures to ensure that Bell Atlantic/GTE's wholesale business units are responsive to telecommunications carriers' requests for the resale promotion. Bell Atlantic/GTE shall make its written offer in each state at the same time to all telecommunications carriers with which it has existing interconnection and/or resale agreements in that state. The agreement amendments for all carriers in a state that accept Bell Atlantic/GTE's written offer within 10 business days after the initial offer shall be filed for review and approval by the relevant state commission.

37. For the Offering Window period defined in Paragraph 35, Bell Atlantic/GTE shall offer in the Bell Atlantic/GTE Service Area to those telecommunications carriers that have signed an effective interconnection agreement amendment, promotional resale discounts on telecommunications services that Bell Atlantic/GTE provides at retail to subscribers who are not telecommunications carriers, where such services are resold to residential end user customers. The Offering Window period may end earlier in a state than provided in the preceding sentence if and when the maximum number of promotional resold lines plus End-to-End UNE combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) has been reached in that state pursuant to Paragraph 35. For purposes of this Paragraph, the term "telecommunications service" shall have the same meaning as in 47 U.S.C § 251(c)(4). Bell Atlantic/GTE may provide promotional discounts through credits, true-ups, or other billing mechanisms, provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

a. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount unless the underlying resold line is ordered after the Merger Closing Date and during the Offering Window with a requested installation date of no later than 30 days after the close of the Offering Window for the particular state. Resold services (such as Call Waiting) provided over a resold customer line that was ordered or in service prior to the Offering Window, or placed in service more than 30 days after the end of the Offering Window, shall not be eligible for a promotional resale discount. Resold services (such as Call Waiting) added to a resold line that qualifies for the promotional resale discounts shall be eligible for the promotional resale discounts for the duration of the Promotional Period regardless of whether such resold services were added after the end of the Offering Window.

b. Bell Atlantic/GTE shall be under no obligation to provide a service for resale at a promotional resale discount outside the Promotional Period. For the purposes of this Subparagraph, the Promotional Period shall be a period of 36 months from the date a qualifying resold service is installed and operational, or the period during which the resold service remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

c. The promotional resale discount rate for services resold to residential customers shall be 32 percent from the retail rate until the ~~latest~~ earliest of: (i) 24 months after commencement of the Offering Window period; (ii) for the Bell Atlantic Service Areas on a state-by-state basis, the first date on which Bell Atlantic/GTE is authorized to provide in-region,

interLATA services in the relevant state; (iii) for the GTE States on a state-by-state basis, the date on which competing carriers, in aggregate, offer service over their own facilities to at least 15 percent of incumbent LEC customer locations in the GTE Service Areas in that State, or (iv) the date on which Bell Atlantic/GTE has completed 50 percent of the out-of-region commitment described in Paragraphs 43 or 48 of these Conditions. Thereafter, for the remaining duration of any Promotional Period, the promotional resale discount rate for service resold to residential customers shall be 1.1 times the standard wholesale discount rate established for the service by the relevant state commission pursuant to 47 U.S.C. § 252(d)(3) and then in effect (e.g., if the standard wholesale discount rate in a state is 20 percent, then the promotional resale discount rate would be 22 percent). Upon the termination of the initial 32 percent promotional resale discount rate, this discount rate shall apply automatically to all services eligible for a promotional resale discount, including those services that initially were provided under the 32 percent promotional resale discount. The promotional resale discounts shall apply to all resold services provided over a qualifying resold line; i.e., on a single resold line telecommunications carriers may not "pick and choose" between the promotional resale discounts and the standard resale discounts that apply in a state.

38. The Offering Window for the Promotional Resale Discounts in each state shall begin 30 days after the Merger Closing Date and end for that state at the earlier of the following: (i) 36 months after commencement of the Offering Window period; or (ii) the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of End-to-End UNE Combinations (a combination of network elements used to provide residential POTS service or residential Basic Rate Interface ISDN service and available under 47 C.F.R. § 51.319) in service in the state reaches the maximum allowable quantity by state set forth in Attachment E. In order to provide CLECs with advance planning information, Bell Atlantic/GTE shall provide written or electronic notice to CLECs operating in the relevant state when 50 percent and 80 percent of these termination numbers are reached in each Bell Atlantic/GTE State. If the Offering Window in a state ends for the Resale promotions in that state because the maximum allowable quantity listed in this Paragraph has been exceeded in that state, Bell Atlantic/GTE shall file notice with the Secretary of the Commission, the relevant state commission and the CLECs operating in that state, within 3 business days after terminating the Offering Window for the availability of promotional resale discounts in the state.

XIII. Offering of UNEs

39. Bell Atlantic/GTE shall continue to make available to telecommunications carriers, in the Bell Atlantic/GTE Service Area within each of the Bell Atlantic/GTE States the UNEs required in Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Notice of Proposed Rulemaking, CC Docket No. 96-98, FCC 99-238 (rel. Nov. 5, 1999) (UNE Remand Order) and Deployment of Wireline Services Offering Advanced Telecommunications Capability and Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order in CC Docket No. 98-147 and Fourth Report and Order in CC Docket No. 96-98 (rel. Dec. 9, 1999) (Line Sharing Order) until the date of a final, non-appealable judicial decision providing that the UNE or combination of UNEs is not required to be provided

by Bell Atlantic/GTE in the relevant geographic area. The provisions of this Paragraph shall become null and void and impose no further obligation on Bell Atlantic/GTE after the effective date of final and non-appealable Commission orders in the UNE Remand and Line Sharing proceedings, respectively.

XIV. Alternative Dispute Resolution through Mediation

~~36.40.~~ In the Bell Atlantic/GTE Service Area within each Bell Atlantic/GTE State, Bell Atlantic/GTE shall implement, subject to the appropriate state commission's approval, an alternative dispute resolution ("ADR") mediation process to resolve carrier-to-carrier disputes regarding the provision of local services, including disputes related to existing and effective interconnection agreements, as described in Attachment ~~C.F.~~ Participation in the ADR mediation process established by this Section is voluntary for both telecommunications carriers and state commissions. The process is not intended and shall not be used as a substitute for resolving disputes regarding the negotiation of interconnection agreements under Sections 251 and 252 of the Communications Act, or for resolving any disputes under Section 332 of the Communications Act. The ADR mediation process shall be utilized to resolve local interconnection agreement disputes between Bell Atlantic/GTE and unaffiliated telecommunications carriers at the unaffiliated telecommunications carrier's request.

~~XII.~~XV. Access to Cabling in Multi-Unit Properties

~~37.41.~~ Bell Atlantic/GTE shall, subject to any required state approvals, offer to conduct a trial with one or more interested, unaffiliated CLECs within the Bell Atlantic/GTE Service Area to identify the procedures and associated costs required to provide CLECs with access to cabling within Multi-Dwelling Unit premises ("MDUs") and multi-tenant premises housing small businesses ("MTUs"), where Bell Atlantic/GTE controls the cables. Taking into account the results of the trial, Bell Atlantic/GTE will negotiate in good faith with CLECs to develop, as an additional alternative to the Minimum Point of Entry in Paragraph ~~38.42~~ where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry, tariffs and/or interconnection agreement amendments that will facilitate single points of interconnection to cabling controlled by Bell Atlantic/GTE in MDUs/MTUs on a going-forward basis.

~~38.42.~~ In the Bell Atlantic/GTE Service Area, Bell Atlantic/GTE shall, subject to any required state approvals and consistent with any relevant state laws or regulations, install new cables in a manner that will provide telecommunications carriers a single point of interconnection, as provided in this Paragraph. Bell Atlantic/GTE shall only be required pursuant to this Paragraph to provide a single point of interconnection where the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Nothing in this Paragraph shall restrict property owners' rights to control access to their buildings or property. Access from the public right-of-way to the single point of interconnection is the responsibility of each telecommunications carrier. The provisions of this Paragraph apply only to cable installations for which engineering work is begun after the Merger Closing Date.

a. When Bell Atlantic/GTE is hired to install new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises that the property owner(s) or some other party(ies) will own and maintain, Bell Atlantic/GTE shall provide the property owner written notice that Bell Atlantic/GTE will, unless the property owner objects,²⁵ install and provide the new cables in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the single point of interconnection. Provided, however, that there may be multiple points of entry where the landlord requests diversity.

b. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, and (2) has the right to do so without the consent of any other party, Bell Atlantic/GTE shall install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

c. Where Bell Atlantic/GTE (1) would, absent the terms of this Subparagraph, own the new cables in a newly constructed or retrofitted single-building MDU or campus of garden apartment dwelling units or a newly constructed or retrofitted multi-tenant business premises, but (2) needs the consent of the property owner or another party to install and provide cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a minimum point of entry, Bell Atlantic/GTE shall provide written notice to the property owner or other party that Bell Atlantic/GTE will, unless the other party objects,²⁶ install and provide new cables to such multi-unit properties in a manner that will permit telecommunications carriers a single point of interconnection at a Minimum Point of Entry if the property owner(s) or some other party(ies) accepts full responsibility for installing and maintaining all cabling on the customer side of the Minimum Point of Entry. Provided, however, that there may be multiple points of entry where the property owner or other party requests diversity.

FOSTERING OUT-OF-REGION COMPETITION

²⁵ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner's objection.

²⁶ It would be inconsistent with the good faith implementation of this Condition for Bell Atlantic/GTE to encourage or solicit the property owner's objection.

XIII.XVI. Out-of-Territory Competitive Entry

~~39.43.~~ Bell Atlantic/GTE will spend a total of at least \$500 million (the "Out-of-Region Expenditure") ~~by~~ between the Merger Closing Date and the end of the 36th month after the Merger Closing Date to provide services, including resale, that compete with traditional ~~telephone~~ local telecommunications services offered by incumbent local exchange carriers or to provide Advanced Services to the mass market ("Competitive Local Service") outside the Bell Atlantic and GTE Service Areas ("Out-of-Region Markets"), within the United States.

~~40.44.~~ Subject to Paragraph ~~41.45,~~ (1) at least 50 percent of the Out-of-Region Expenditure shall be used to construct, acquire, lease, use, obtain, or provide facilities, operating support systems, or equipment that are used to serve customers in Out-of-Region Markets ("Facilities Expenditure") and (2) the remaining Out-of-Region Expenditure may be used to acquire customers for Competitive Local Service in those Out-of-Region Markets ("Customer Acquisition Expenditure").

~~41.45.~~ To count toward the Out-of-Region Expenditure, amounts included in the Facilities Expenditure must be spent in conjunction with: (1) the provision of Competitive Local Service; (2) the provision of other telecommunications services, or information services, that are offered jointly with Competitive Local Service; or (3) investments in, or contributions to, ventures ~~to promote~~ that provide Competitive Local Service activity in Out-of-Region Markets by those ventures.

~~42.46.~~ At the end of the 36th month after the Merger Closing Date: (1) if the Out-of-Region Expenditure is less than \$500 million, then Bell Atlantic/GTE shall pay to the United States Treasury an amount equal to 150 percent of the difference between the Out-of-Region Expenditure and \$500 million; or (2) if the Out-of-Region Expenditure equals or exceeds \$500 million but the Facilities Expenditure is less than \$250 million, the Bell Atlantic/GTE shall pay to the United States Treasury an amount equal to 150 percent of the difference between the Facilities Expenditures and \$250 million.

~~43.47.~~ Notwithstanding the foregoing, Bell Atlantic/GTE shall be deemed to have satisfied the commitments in this Section if it ~~has sold by~~ provides service, between the Merger Closing Date and the end of the 36th month after the Merger Closing Date, over at least 250,000 customer lines that are used to provide Competitive Local Service in Out-of-Region Markets.²⁷

48. Until the time this Condition is satisfied, Bell Atlantic/GTE shall meet the following interim targets: between the Merger Closing Date and the end of twelve months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$100 million or provided service over at least 50,000 customer lines in Out-of-Region Markets; and by the end of twenty-four months after the Merger Closing Date, Bell Atlantic/GTE shall have spent at least \$300

²⁷ For purposes of this Section, customer lines includes telephone access lines, xDSL or other lines used to provide Advanced Services, cable lines, or other lines of communications used to provide Competitive Local Service.

million or provided service over at least 150,000 customer lines in Out-of-Region Markets. If a target is met through the specified expenditure, at least 20 percent of the expenditure shall be used to provide Competitive Local Service to residential customers or to provide Advanced Services. If a target is met through the selling of customer lines that are used to provide Competitive Local Services, at least 20 percent of the lines will be used to provide service to residential customers or to provide Advanced Services.

IMPROVING RESIDENTIAL PHONE SERVICE

XIV.XVII. InterLATA Services Pricing

~~44. In the Bell Atlantic States (including Virginia and Pennsylvania), Bell~~49. Bell Atlantic/GTE shall not institute mandatory, minimum monthly or flat-rate charges on interLATA calls. Specifically, subject to any applicable state regulatory requirements, Bell Atlantic/GTE and its affiliates~~in the Bell Atlantic States~~ shall not charge wireline residential consumers a minimum monthly or minimum flat rate charge on interLATA long distance service similar to the charge that is currently assessed by some interexchange carriers.

a. ~~In the Bell Atlantic States,~~ Bell Atlantic/GTE and its affiliates shall not charge a minimum monthly or minimum flat rate charge (as described in this Paragraph) on interLATA services provided to any in-region or out-of-region wireline residential customer within the United States.

b. This Section shall become effective on the first day after the Merger Closing Date. In the GTE states, Bell Atlantic/GTE's obligations under this Section shall end 36 months after the Merger Closing Date. In each of the Bell Atlantic States (including Pennsylvania and Virginia), Bell Atlantic/GTE's obligations under this Section shall end 36 months after Bell Atlantic is authorized to provide interLATA services pursuant to 47 U.S.C. §271(d)(3).

~~c. In the GTE States (excluding Virginia and Pennsylvania), Bell Atlantic/GTE shall be allowed to charge mandatory, minimum monthly or flat-rate charges on interLATA calls until such time as AT&T Corp. and its affiliates cease to apply such charges.~~

d.c. This Section shall not prohibit Bell Atlantic/GTE or any of its affiliates from passing through to its customers any fees, charges, or taxes (including taxes on Bell Atlantic/GTE's own charges) imposed or authorized by a federal, state, or other governmental entity and imposed on Bell Atlantic/GTE or any of its affiliates as a result of its provision of interLATA services to its customer. Nor shall this Section prohibit Bell Atlantic/GTE from offering customers an optional, voluntary interLATA services pricing plan that includes a minimum monthly or minimum flat-rate charge, or a pre-paid calling card.

XVIII. Enhanced Lifeline Plans

~~45.~~50. Not later than 30 days after the Merger Closing Date, Bell Atlantic/GTE shall offer by letter to the appropriate state commission in the Bell Atlantic and GTE States to file a tariff for an enhanced Lifeline plan in the Bell Atlantic/GTE Service Area within that state. Bell Atlantic/GTE may fulfill this requirement in a state by either (i) proposing a new, stand-alone Lifeline plan that meets the requirements of this Paragraph, (ii) proposing to provide additional discounts and/or other enhancements to an existing Lifeline plan in a state which, when combined with the Lifeline benefits provided by the existing plan, meet the requirements of this Paragraph, or (iii) certifying that the existing Lifeline plan (or plans) meets the requirements of this Paragraph. No state shall be required to accept the enhanced Lifeline plan that will be offered by Bell Atlantic/GTE. Copies of Bell Atlantic/GTE's written offers shall be filed with the Secretary of the Commission. Consistent with applicable state law, the terms and conditions offered by Bell Atlantic/GTE shall be comparable to the terms and conditions of the Ohio Universal Service Assistance ("USA") Lifeline plan set forth in Ameritech Ohio's Alternative Regulation Plan, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. See Opinion and Order, Application of the Ohio Bell Tel. Co. for Approval of an Alternative Form of Regulation, Case No. 93-487-TP-ALT, 1994 Ohio PUC LEXIS 956 (Nov. 23, 1994), as modified to be consistent with the 1996 Telecommunications Reform Act and other modifications and interpretations by the Public Utilities Commission of Ohio, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts, and eligible services. Specifically, with respect to discounts, Bell Atlantic/GTE will provide a discount equal to the price of basic residential measured rate service (i.e., access to the network not including any local usage) in each state; provided, however, that the maximum discount to be provided (including all applicable Federal, state and Company contributions) shall not exceed \$10.20 per month. For example, if the current Lifeline discount in a state is \$8.00 per month, Bell Atlantic/GTE will increase that discount by a maximum of \$2.20 per month for those Lifeline customers that meet all of the qualifications in this Paragraph. This Paragraph is not intended to supersede or eliminate state or federal funding for existing Lifeline programs. Where, for a particular state, Bell Atlantic/GTE does not offer a basic measured rate service that does not include any local usage, to determine the amount of the discount, Bell Atlantic/GTE will determine an estimated price for such a service as a percentage (based on underlying costs) of the most basic service that is offered. If the state commission indicates its acceptance of Bell Atlantic/GTE's offer within 12 months of Bell Atlantic/GTE's written offer, Bell Atlantic/GTE shall file a tariff to implement its offer within 60 days of such acceptance. Bell Atlantic/GTE shall offer to provide such enhanced Lifeline plans with the following operational characteristics:

a. Past-Due Bills. Enhanced Lifeline plan customers with past-due bills for local service charges will be offered payment arrangements for such local service charges with an initial payment not to exceed \$25.00 before service is installed and with the balance to be paid in 6 equal monthly payments. Enhanced Lifeline plan customers with past-due bills for toll service charges will be required to have toll restriction service until such past-due toll service charges have been paid.

b. Deposits. New enhanced Lifeline plan customers will not be required to pay a deposit to obtain local service. Bell Atlantic/GTE may request a deposit for toll service unless the customer elects toll restriction service.

c. Verification of Eligibility. Bell Atlantic/GTE will provide prospective enhanced Lifeline plan customers with a written form²⁸ that will permit the customer to self-verify eligibility through participation in one or more of the qualifying programs. Bell Atlantic/GTE will have the right to audit any such self-verifications and to refuse enhanced Lifeline service to any customer that is not a current participant in one of the eligible programs. Bell Atlantic/GTE will provide quantities of such written forms to state agencies administering qualifying programs so that these agencies, if they choose, can make these forms available to their clients.

d. On-Line Verification of Eligibility. Bell Atlantic/GTE will negotiate in good faith with appropriate state agencies administering qualifying programs to acquire on-line access to the agencies' electronic databases for the purpose of accessing the information necessary to verify a customer's participation in an eligible program. Where such on-line access can be negotiated on reasonable terms and conditions that permit Bell Atlantic/GTE to access such information efficiently, Bell Atlantic/GTE will provide on-line verification of eligibility for a customer claiming (during a discussion with a Bell Atlantic/GTE service representative) to be a current participant in one of the eligible programs.

e. Publicity. Bell Atlantic/GTE will agree to spend no less than an annual promotional budget to make potential customers aware of the enhanced Lifeline plan or other programs that benefit low income consumers. The annual promotional budget for each state (shown in Attachment D)G) is calculated to be proportional (based on the relative number of residence access lines that Bell Atlantic/GTE has in service in each state) to the \$122,000 annual promotional budget established as part of the USA Lifeline Plan in Ohio.

f. Toll-Free Number for Lifeline Inquiries. Bell Atlantic/GTE will provide a toll-free telephone number (e.g., an 800 number) for current and potential enhanced Lifeline plan customers to call for subscribing to, or otherwise requesting information or assistance about, the enhanced Lifeline plan.²⁹

g. Toll-Free Fax Line for Receiving Lifeline Documentation. Bell Atlantic/GTE will provide a toll-free fax line for current and potential enhanced Lifeline plan customers to submit documentation associated with the enhanced Lifeline plan.

h. Lifeline Message on Voice Response Units ("VRUs"). Where Bell Atlantic/GTE utilizes a VRU to answer customer calls into a service center, Bell Atlantic/GTE

²⁸ These forms will be provided in English and such other languages as are prevalent in the applicable area served by Bell Atlantic/GTE.

²⁹ Bell Atlantic/GTE will endeavor to respond to inquiries made in non-English languages which are prevalent among residents in the areas served by Bell Atlantic/GTE.

will, where it is technically possible to do so, include information about the enhanced Lifeline plan on the VRU menu after the customer indicates an interest in obtaining new service.

i. Upgrading Current Lifeline Customers. Where a state that already has a Lifeline plan determines to offer the enhanced Lifeline plan described in this Paragraph, and where the enhanced Lifeline plan offers a larger discount and in all other respects no worse terms and conditions to an existing Lifeline customer, Bell Atlantic/GTE shall switch qualifying customers (i.e., customers who have provided Bell Atlantic/GTE with sufficient verification that they participate in a qualifying program) to the enhanced Lifeline plan within 180 days of implementing the enhanced Lifeline plan.

j. Timing. The obligations contained in the above Subparagraphs shall not take effect until and unless the Enhanced Lifeline tariffs are accepted and approved by a state commission.

XVI.XIX. Additional Service Quality Reporting

~~46.~~51. Beginning no later than 180 days after the Merger Closing Date for the Bell Atlantic/GTE Service Area in all Bell Atlantic/GTE States, Bell Atlantic/GTE shall file with the Reporting Management Staff of the Commission for the public record, on a quarterly (i.e., January-March, April-June, etc.) basis, state-by-state service quality reports in accordance with the retail service quality reporting recommendations of the NARUC Technology Policy Subgroup "Service Quality White Paper" adopted November 11, 1998. Answer time performance may be reported on a multi-state basis in accordance with the consolidated handling of some calls by Bell Atlantic/GTE call centers. Each such quarterly report shall be filed no later than 50 days after the end of the quarter covered by the report. The first report filed for each state shall cover the most recent quarter that ended at least 50 days prior to the date the report is due. Categories of reporting for retail services include installation and maintenance, switch outages, transmission facility outages, service quality-related complaints, and answer time performance. Reports shall be filed for a period of 36 months following the date of Bell Atlantic/GTE's first report for that state. A copy of each report for a state shall be included on a Bell Atlantic/GTE Internet website or provided to the relevant state commission.

~~47.~~52. Bell Atlantic/GTE shall report on a quarterly basis ARMIS local service quality data required by the Commission separately for each of its operating companies. Bell Atlantic/GTE shall provide service quality data in accordance with Table 1 of ARMIS Report No. 43-05 on a quarterly basis. The service quality data required by this Paragraph shall be included on a Bell Atlantic/GTE Internet website or made available to state commissions in the Bell Atlantic/GTE States.

~~XVII.~~XX. NRIC Participation

~~48.~~53. Bell Atlantic/GTE shall continue to participate in the Network Reliability and Interoperability Council ("NRIC"), or a successor organization, if any.

**ENSURING COMPLIANCE WITH
AND ENFORCEMENT OF THESE CONDITIONS**

~~XVIII.~~XXI. Compliance Program

~~49.~~54. Bell Atlantic/GTE shall establish a Compliance Program as follows:

a. Bell Atlantic/GTE shall appoint a senior corporate officer to oversee Bell Atlantic/GTE's implementation of, and compliance with, these Conditions; to monitor Bell Atlantic/GTE's compliance program and progress toward meeting the deadlines specified herein; to provide periodic reports regarding Bell Atlantic/GTE's compliance as required by these Conditions; to ensure that payments due under these Conditions are timely made; and to consult with the Chief of the Common Carrier Bureau and other appropriate individuals as the Chief deems necessary on an ongoing basis regarding Bell Atlantic/GTE's compliance with these Conditions. The corporate compliance officer shall provide copies of all notices Bell Atlantic/GTE provides to the Commission or a state commission to the independent auditor required under Paragraph ~~50~~55 and shall consult with the independent auditor regarding Bell Atlantic/GTE's progress in meeting the deadlines and milestones specified in these Conditions. The corporate compliance officer may be the same corporate officer with responsibility for Bell Atlantic/GTE's compliance with Section 272 obligations. The audit committee of Bell Atlantic/GTE's Board of Directors shall oversee the corporate compliance officer's fulfillment of these responsibilities. The requirements of this Subparagraph shall remain in effect until all other Conditions have expired.

b. Not later than 60 days after the Merger Closing Date, Bell Atlantic/GTE shall submit to the Common Carrier Bureau's Audit Staff ("Audit Staff") for review and comment a plan for compliance with these Conditions. The compliance plan shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. A letter providing notice of the filing shall be filed the same day with the Secretary of the Commission for the public record.

c. Following the Merger Closing Date, Bell Atlantic/GTE shall submit to the Audit Staff and file for the public record (except for materials for which confidential treatment is requested) an annual compliance report detailing Bell Atlantic/GTE's compliance with these Conditions during the preceding calendar year. This annual compliance report shall be submitted no later than March 15 (or the first business day thereafter) of the calendar year following the year covered by the report. A report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions. The annual compliance report shall address Bell Atlantic/GTE's compliance with these Conditions and the

sufficiency of Bell Atlantic/GTE's internal controls for complying, shall include a discussion of the efficiencies realized as a result of the merger, and shall be prepared in a format substantially similar, in relevant respects, to the format of the independent auditor's section of the audit report described in Subparagraph ~~50f, 55f~~, below.

XIX.XXII. Independent Auditor

~~50.55.~~ Bell Atlantic/GTE shall, at its own expense, annually engage an independent auditor to conduct an examination engagement resulting in a positive opinion (with exceptions noted) regarding Bell Atlantic/GTE's compliance with all these Conditions and the sufficiency of Bell Atlantic/GTE's internal controls designed to ensure compliance with such Conditions, ~~except for compliance with the Collocation Compliance requirements of Section VIII and as noted in Paragraph 51.56, below.~~ The first annual examination engagement shall exclude compliance with Section VIII. Bell Atlantic and GTE shall jointly engage an independent auditor for this purpose prior to the Merger Closing Date. The engagement shall be supervised by persons licensed to provide public accounting services and shall be conducted in accordance with the relevant standards of the AICPA. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the past 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to obligations under other Sections of these Conditions, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. The independent auditor's report (which may consist of multiple reports) shall be prepared and submitted as follows.

a. Not later than ~~90~~60 days after the Merger Closing Date, the independent auditor shall submit a preliminary audit program, including the proposed scope of the audit and the extent of compliance and substantive testing, to the Audit Staff. The preliminary audit program shall be afforded confidential treatment in accordance with the Commission's normal processes and procedures. The independent auditor shall consult with the Common Carrier Bureau's Audit Staff and Bell Atlantic/GTE regarding changes to the preliminary audit program, but approval by the Audit Staff shall not be required.

b. During the course of the audit, the independent auditor shall inform the Audit Staff of any revisions to the audit program; notify the Audit Staff of any meetings with Bell Atlantic/GTE in which audit findings are discussed; and consult with the Common Carrier Bureau regarding any accounting or rule interpretations necessary to complete the audit. The independent auditor shall notify Bell Atlantic/GTE of any consultation with the Common Carrier Bureau regarding accounting or rule interpretations.

c. The independent auditor shall have access to books, records, and operations of Bell Atlantic/GTE and its affiliates that are under the control of Bell Atlantic/GTE and are necessary to fulfill the audit requirements of this Section. The independent auditor shall notify Bell Atlantic/GTE's compliance officer of any inability to obtain such access. The auditor

may notify the Audit Staff if access is not timely provided after notification to the compliance officer.

d. The independent auditor may verify Bell Atlantic/GTE's compliance with these Conditions through contacts with the Commission, state commissions, or Bell Atlantic/GTE's wholesale customers, as appropriate.³⁰

e. The independent auditor may consult with Bell Atlantic/GTE's corporate compliance officer concerning matters that arise during the course of the year regarding these Conditions. If necessary after such consultation, the independent auditor may notify the Audit Staff of these matters. No later than ~~September~~ June 1 (or the first business day thereafter) of the year following the calendar year covered by the audit, the independent auditor shall submit its final audit report for the preceding year to the Audit Staff. The independent auditor's report shall be made publicly available.

f. The independent auditor's report(s) shall include a discussion of the scope of the work conducted; a statement regarding Bell Atlantic/GTE's compliance or non-compliance with these Conditions; a statement regarding the sufficiency of Bell Atlantic/GTE's internal controls for complying with these Conditions; a statement regarding the accuracy of Bell Atlantic/GTE's annual compliance report for the year covered by the audit; a statement regarding the timeliness and accuracy of the notices provided to the Commission or its staff pursuant to specific notification requirements of these Conditions; a statement regarding the accuracy and completeness of the performance data provided to telecommunications carriers and regulators under these Conditions; and a description of any limitations imposed on the auditor in the course of its review by Bell Atlantic/GTE or other circumstances that might affect the auditor's opinion.

g. For 24 months following submission of the final audit report, the Commission and state commissions in the Bell Atlantic/GTE States shall have access to the working papers and supporting materials of the independent auditor at a location in Washington, D.C. that is selected by Bell Atlantic/GTE and the independent auditor. Copying of the working papers and supporting materials by the Common Carrier Bureau shall be allowed but shall be limited to copies required to verify compliance with and enforce these Conditions. Any copies made by the Common Carrier Bureau shall be returned to Bell Atlantic/GTE by the Common Carrier Bureau. The Common Carrier Bureau's review of the working papers and supporting materials shall be kept confidential pursuant to the Commission's rules and procedures. Prior to obtaining access to the working papers and supporting materials, state commissions shall enter into a protective agreement with the Chief of the Common Carrier Bureau and Bell Atlantic/GTE under which the state commission's review, including any notes, shall be kept confidential.

³⁰ The term "wholesale customers" includes, but is not limited to, telecommunications carriers that purchase interconnection, services or unbundled elements under tariffs, interconnection agreements or any other means for use in the telecommunications services offered by such telecommunications carriers.

h. Not later than 60 days following submission of the final audit report, Bell Atlantic/GTE and the Audit Staff shall meet and confer regarding changes to the detailed audit program for the subsequent year's audit.

~~54.~~56. Bell Atlantic/GTE shall, at its own expense and under the same retention timetable set out in Paragraph ~~50,~~55, annually engage an independent auditor to perform an agreed-upon procedures engagement regarding compliance with the separate Advanced Services affiliate requirements of Section I of these Conditions. The independent auditor shall be acceptable to the Chief of the Common Carrier Bureau and shall not have been instrumental during the preceding 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. The independent audit shall be supervised by persons licensed to provide accounting services and shall be conducted in accordance with the relevant standards of the AICPA. For purposes of the engagement required by this Subparagraph, the Commission and Bell Atlantic/GTE shall be the only specified users; the Chief of the Common Carrier Bureau and Bell Atlantic/GTE must both consent to the audit methods and procedures to be used; and the independent auditor must accept those methods and procedures. In the event such mutual consent cannot be obtained, an independent third-party panel of auditors will be selected by Bell Atlantic/GTE and the Chief of the Common Carrier Bureau and paid for by Bell Atlantic/GTE to arbitrate any dispute. An independent auditor's report shall be filed for each calendar year in which Bell Atlantic/GTE is subject to separate affiliate obligations under Section I, provided that no report shall be due if that report would cover a portion of a calendar year that is less than 60 days. In that event, the period of less than 60 days shall be audited in the report covering the subsequent calendar year, if any. Not later than 120 days after the Merger Closing Date, the preliminary audit program shall be submitted as described in Subparagraph 55a above. The independent auditor's report shall be prepared and submitted as described in Subparagraphs ~~50b-h,~~55b-h, above, except that the report shall be submitted no later than May 1 (or the first business day thereafter) of the year following the year covered by the audit, provided that Bell Atlantic/GTE and the Chief of the Common Carrier Bureau, working with the independent auditor selected by Bell Atlantic/GTE, shall make good-faith efforts to determine the procedures to be used in the engagement no later than 90 days after the Merger Closing Date. In determining the procedures to be used, Bell Atlantic/GTE and the Chief of the Common Carrier Bureau shall give due consideration to the procedures established for biennial audits under 47 U.S.C. § 272(d).

XXIII. Enforcement

~~52.~~57. The specific enforcement mechanisms established by these Conditions do not abrogate, supersede, limit, or otherwise replace the Commission's powers under the Communications Act. Performance or non-performance of these Conditions by Bell Atlantic/GTE does not in itself constitute compliance or non-compliance with any federal, state, or local law or regulation, except Bell Atlantic/GTE's obligation to perform these Conditions. The payments for non-performance specifically required by these Conditions, to which Bell Atlantic/GTE has voluntarily agreed, are payments in the public interest and are not penalties, forfeitures, or fines.

~~53.~~58. If the Chief of the Common Carrier Bureau makes a determination that Bell Atlantic/GTE has during the effective period of a Condition failed to comply with that Condition, the Bureau Chief may, at his or her discretion, extend the effective period of that Condition for a period that does not exceed the period during which Bell Atlantic/GTE failed to comply with the Condition. If the failure to comply that causes the Bureau Chief to extend a Condition also has had the effect of denying a person or entity access to a facility or service or the intended benefit required to be provided under another of these Conditions, the Bureau Chief may, in his or her discretion, extend the period during which Bell Atlantic/GTE is required to comply with the other Condition for a period that does not exceed the period during which access to the facility or service or intended benefit was unavailable. Bell Atlantic/GTE may appeal the Bureau Chief's decisions made pursuant to this Paragraph to the Commission.

~~54.~~59. Bell Atlantic/GTE shall be strictly obligated to make the payments for non-performance specifically required by these Conditions, and no showing of a willful violation shall be necessary in order to enforce such payments. Bell Atlantic/GTE shall not be liable for any payments, however, if the Chief of the Common Carrier Bureau grants a waiver request filed by Bell Atlantic/GTE in which Bell Atlantic/GTE will have the burden of proof to demonstrate that the failure to meet a condition was caused by a force majeure event or an Act of God. If the Chief of the Common Carrier Bureau refuses to grant a waiver, Bell Atlantic/GTE may appeal that decision to the Commission.

~~55.~~60. Except as otherwise provided in these Conditions, Bell Atlantic/GTE shall make payments due under these Conditions within 10 business days of a determination by Bell Atlantic/GTE's compliance officer, the Chief of the Common Carrier Bureau, the Commission, or an arbitrator, that payment is due. If the Commission or a state commission has not taken an action to designate or administer a fund that is required in order for Bell Atlantic/GTE to make a payment required under these Conditions, Bell Atlantic/GTE shall make its payment into an interest bearing escrow account pending such action. If Bell Atlantic/GTE's obligation to make a payment is disputed by Bell Atlantic/GTE, Bell Atlantic/GTE shall make the disputed payment into an interest bearing escrow account within 10 business days of the date the payment was due. Within 10 business days of making a payment of a disputed amount into escrow, Bell Atlantic/GTE shall file with the Commission a verified statement of the grounds on which payment is not required. Subject to rights of rehearing and appeal, the escrowed payments (including any accrued interest) shall be returned to Bell Atlantic/GTE or paid to the appropriate

fund in accordance with the final and non-appealable Commission or judicial order resolving the dispute. A decision by the Chief of the Common Carrier Bureau under this Paragraph is appealable to the Commission.

~~56.~~61. The Chief of the Common Carrier Bureau may in his or her discretion, upon a request and showing of good cause by Bell Atlantic/GTE, grant extensions of deadlines established by these Conditions.

~~57.~~62. Bell Atlantic/GTE shall not be excused from its obligations under these federal Conditions on the basis that a state commission lacks jurisdiction under state law to perform an act specified or required by these Conditions (e.g., review and approve interconnection agreement amendments, or determine if telecommunications providers violate requirements associated with the promotional discounts).

XXIV. Sunset

~~58.~~63. Except where other termination dates are specifically established herein, all Conditions set out in this Appendix, except for the Conditions requiring Bell Atlantic/GTE to provide Advanced Services through one or more separate affiliates, as set out in Section I, shall cease to be effective and shall no longer bind Bell Atlantic/GTE in any respect 36 months after the Merger Closing Date, unless the Commission orders that a Condition or Conditions be extended for noncompliance reasons in accordance with Paragraph ~~53.~~58 above. Unless specifically stated otherwise, it is intended that each of the Conditions will generate 36 months of benefit. Since some of the Conditions will not become effective or operational until sometime after the Merger Closing Date, such Conditions will remain in effect (as specified) longer than 36 months after the Merger Closing Date.

~~XXIV.~~XXV. Effect of Conditions

~~59.~~64. The various offerings and initiatives contained in these Conditions, including but not limited to the carrier-to-carrier promotions, OSS requirements and performance monitoring Conditions, may substantially duplicate requirements imposed in connection with the merger under state law. These Conditions shall supplement, but shall not be cumulative of, substantially related conditions imposed under state law. Where both these Conditions and conditions imposed in connection with the merger under state law grant parties similar rights against Bell Atlantic/GTE, affected parties shall not have a right to invoke the relevant terms of these Conditions in a given state if they have invoked a substantially related condition imposed on the merger under state law. For example, telecommunications carriers requesting unbundled local loops for residential service under promotional terms offered pursuant to state approval of the merger would not also be able to invoke the promotional discounts on unbundled loops required by these Conditions. Furthermore, any unbundled local loops provided by Bell Atlantic/GTE for residential service under a substantially similar merger-related state commission imposed promotion in a given state would be deducted from the number of unbundled local loops required to be provided in that state under Section XI of these Conditions. This Section shall not limit the

Commission's powers to enforce these Conditions or the reporting requirements of Bell Atlantic/GTE under these Conditions.

~~60.65.~~ When considering a request by Bell Atlantic/GTE for in-region, interLATA authority under 47 U.S.C. § 271, the Commission – in view of the public interest benefits inherent in compliance with the requirements of 47 U.S.C. § 271(d)(3) – shall not consider the possible expiration of any of the above Conditions per the terms of this Appendix to be a factor that would render the requested authorization inconsistent with the public interest, convenience, and ~~necessity~~.

necessity.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

APR 28 2000

In the Matter of)	FEDERAL COMMUNICATIONS COMMISSION
)	OFFICE OF THE SECRETARY
GTE CORPORATION,)	
)	
Transferor,)	
)	
and)	CC Docket No. 98-184
)	
BELL ATLANTIC CORPORATION,)	
)	
Transferee,)	
)	
For Consent to Transfer of Control)	

PROPOSED CONDITIONS FOR BELL ATLANTIC/GTE MERGER

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Counsel for GTE Corporation

April 28, 2000

PROPOSED CONDITIONS FOR BELL ATLANTIC/GTE MERGER

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CONDITIONS

As a condition of exercising the grant authorized herein, Bell Atlantic and GTE shall comply with the following enumerated Conditions. Unless otherwise specified herein, the Conditions described herein shall become effective 10 business days after the Merger Closing Date. The Conditions described herein shall be null and void if Bell Atlantic and GTE do not merge and there is no Merger Closing Date.

It is not the intent of these Conditions to restrict, supersede, or otherwise alter state or local jurisdiction under the Communications Act of 1934, as amended, or over the matters addressed in these Conditions, or to limit state authority to adopt rules, regulations, performance monitoring programs, or other policies that are not inconsistent with these Conditions. Nor do the Conditions reflect or constitute any determination or standard regarding Bell Atlantic/GTE's compliance or non-compliance with 47 U.S.C. §§ 251, 252, 271, or 272 or limit in any way the legal rights of Bell Atlantic/GTE with respect thereto.

For the purposes of these Conditions, the term "Merger Closing Date" means the day on which, pursuant to their Merger Agreement, Bell Atlantic and GTE cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of New York as provided in New York Corporation Law, Section 907. The term "prior to the Merger Closing Date" means prior to the time that Bell Atlantic and GTE cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of New York as provided in New York Corporation Law, Section 907.

For purposes of these Conditions, the term "Bell Atlantic/GTE" shall mean Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company, New England Telephone and Telegraph Company, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation,¹ GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc.; and any successor or assign of such company that provides wireline telephone exchange service and that is an affiliate of Bell Atlantic/GTE.

For purposes of these Conditions, the term "Bell Atlantic/GTE Service Area" shall mean the combined service areas of Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company,

¹ Because of the insular nature of the Commonwealth of the Northern Marianas Islands (CNMI), only the following Conditions shall apply in the CNMI: Section IV (Non-discriminatory Rollout of xDSL Services); Section XIV (Alternative Dispute Resolution through Mediation); Section XVII (InterLATA Services Pricing); Section XVIII (Enhanced Lifeline Plans); Section XIX (Additional Service Quality Reporting); Section XXI (Compliance Program); Section XXII (Independent Auditor); Section XXIII (Enforcement); Section XXIV (Sunset); and Section XXV (Effect of Conditions).

New England Telephone and Telegraph Company, GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc. where those companies operated as incumbent local exchange carriers ("incumbent LECs") as of January 27, 2000.²

For purposes of these Conditions, the term "Bell Atlantic Service Area" shall mean the service areas of Bell Atlantic-Delaware, Inc., Bell Atlantic-Washington, D.C., Inc., Bell Atlantic-Maryland, Inc., Bell Atlantic-New Jersey, Inc., Bell Atlantic-Pennsylvania, Inc., Bell Atlantic-Virginia, Inc., Bell Atlantic-West Virginia, Inc., New York Telephone Company, New England Telephone and Telegraph Company where those companies operated as incumbent local exchange carriers ("incumbent LECs") as of January 27, 2000. For purposes of these Conditions, the term "GTE Service Area" shall mean the service areas of GTE California Incorporated, GTE Florida Incorporated, GTE Hawaiian Telephone Company Incorporated, The Micronesian Telecommunications Corporation, GTE Midwest Incorporated, GTE North Incorporated, GTE Northwest Incorporated, GTE South Incorporated, GTE Southwest Incorporated, Contel of Minnesota, Inc., GTE West Coast Incorporated, and Contel of the South, Inc. where those companies operated as incumbent local exchange carriers ("incumbent LECs") as of January 27, 2000.

For purposes of these Conditions, the term "Bell Atlantic States" shall mean Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia. The term "GTE States" shall mean Alabama, California, the Commonwealth of the Northern Marianas Islands, Florida, Hawaii, Idaho, Illinois, Indiana, Kentucky, Michigan, Missouri, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Virginia, Washington, and Wisconsin. The term "Bell Atlantic/GTE States" shall mean the Bell Atlantic States and GTE States as defined above.

For purposes of these Conditions, the term "affiliate" shall have the same meaning as in 47 U.S.C. § 153(1).

For purposes of these Conditions, the term "telecommunications carrier" shall have the same meaning as in 47 U.S.C. § 153(44).

² The terms Bell Atlantic States and Service Area and GTE States and Service Area include only those states and service areas where Bell Atlantic/GTE will have incumbent local telephone operations after the Merger Closing Date and after execution of planned sales of local exchange properties.

PROMOTING EQUITABLE AND EFFICIENT ADVANCED SERVICES DEPLOYMENT

I. Separate Affiliate for Advanced Services

1. Bell Atlantic/GTE shall provide all Advanced Services in the Bell Atlantic/GTE Service Area through one or more affiliates that are structurally separate from the Bell Atlantic/GTE incumbent LECs in accordance with the provisions of this Section and the schedule set forth below. As described below, Bell Atlantic and GTE shall establish separate Advanced Services affiliates prior to the Merger Closing Date. Upon receiving state approval of any necessary interconnection agreements and obtaining any necessary state authority or certification that does not subject the Advanced Services affiliate to regulation substantially the same as that to which the incumbent LEC is subject, Bell Atlantic/GTE shall transition the provisioning of Advanced Services to one or more separate Advanced Services affiliates. Nothing in this Section is intended to prohibit Bell Atlantic/GTE's separate Advanced Services affiliate(s) from providing services that are not Advanced Services in accordance with any applicable federal or state laws or regulations.

2. Advanced Services. For purposes of these Conditions, the term "Advanced Services" means intrastate or interstate wireline telecommunications services, such as ADSL, IDSL, xDSL, Frame Relay, and asynchronous transfer mode ("ATM") that rely on packetized technology and have the capability of supporting transmissions speeds of at least 56 kilobits per second in both directions. This definition of Advanced Services does not include (1) data services that are not primarily based on packetized technology, such as ISDN, (2) x.25-based and x.75-based packet technologies, or (3) circuit switched services (such as circuit switched voice grade service) regardless of the technology, protocols or speeds used for the transmission of such services. Notwithstanding the other provisions of this Section, Bell Atlantic/GTE retains the right to invest in any technology or asset as long as it is not used to provide Advanced Services.

3. Section 272 Requirements for the Separate Advanced Services Affiliates. Subject to the transitional mechanisms discussed below, the separate Advanced Services affiliate(s) required by this Section I shall operate in accordance with the structural, transactional, and non-discrimination requirements that would apply to a separate affiliate's relationships with a Bell Operating Company ("BOC") under 47 U.S.C. § 272(b), (c), (e), and (g), as interpreted by the Federal Communications Commission (the "Commission") as of January 27, 2000, except to the extent those provisions are inconsistent with the provisions of this Paragraph, in which case the provisions of this Paragraph shall apply. Except as provided in Subparagraph 3i below, Bell Atlantic/GTE shall comply with the Commission's accounting safeguards pursuant to 47 U.S.C. § 272 for all transactions (including chaining transactions)³ between an incumbent LEC and a separate Advanced Services affiliate and shall continue to do so regardless of, and consistent with, the specific accounting method Bell Atlantic/GTE uses. If the separate Advanced Services affiliate does not deviate (other than in an inadvertent or incidental manner) from the

³ The term "chaining transactions" refers to transactions between the incumbent LEC and separate affiliate through other Bell Atlantic/GTE entities.